



FILTRONA GROUP
ANTI-MONEY LAUNDERING POLICY

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| Version: 0.1 Date Of Issue: 1st Jan 2023 |
| Owner: Legal, Compliance, Risk & Governance (LCRG) |



1. INTRODUCTION

1.1 Overview

Filtrona Group (“Company”) is committed to doing business the right way, to continually earn the trust of customers, stakeholders and the wider marketplace. In accordance with the Company **Ethics Code**, the **Executive Leadership Team** (“ELT”) expect all employees – and anyone carrying out work on behalf the Company – to maintain the highest standards of ethical business conduct and personal behaviour at all times, and to act safely, honestly, responsibly, lawfully and with integrity.

Money laundering offences present serious risks for every business. Breaches of **Anti-Money Laundering** (“AML”) laws and regulations can lead to significant fines for companies and/or even imprisonment for individuals. The Company’s corporate integrity and reputation could be severely damaged by failing to detect any third party relationships and transactions which use criminally tainted or similarly illegitimate funds to pay for the Company’s products and services or fund projects in conjunction with the Company. The Company’s relationships with its providers of banking facilities may be severely impacted in the event that the Company is implicated in any money laundering.

Money laundering may consist of:

- converting, transferring or disguising criminal property;
- possessing, using or controlling criminal property; or
- being involved in transactions to facilitate the acquisition, use or retention of criminal property.

Criminal property is not restricted to the proceeds of drug trafficking or terrorism but extends to any property flowing from any crime including tax evasion, corruption, counterfeiting and smuggling.

1.2 Scope

This **AML Policy** (“Policy”) is to **prohibit** and pursue the prevention of money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities.

The Company is committed to AML compliance in accordance with all applicable AML laws and regulations.

In order to ensure compliance with this Policy and all applicable AML laws and regulations, appropriate risk based third party due diligence must be undertaken in accordance with the **Filtrona Group Third Party Due Diligence Policy** (TPDD) and associated **Know Your Customer** and **Know Your Supplier** procedures to ensure that, to the extent reasonable and practicable, the Company is satisfied with the legitimacy of the third party and the source of its funds.

It is the responsibility of the **Group Finance & Treasury Function** to ensure compliance with the Policy and the TPDD Policy across the business and to implement appropriate processes and controls designed to determine acceptable forms of payment and identify potentially suspicious activity that may suggest money laundering.

1.3 Red Flag

Examples of Red Flags potentially indicating money laundering activities by a third party may include, but are not limited to:



- refusal to provide information on business activities and sources of funding;
- failure to correctly identify a legitimate source of funds;
- deposits of cash or cash equivalents as well as, or opposed to, using bank transfers for payments for goods/services;
- payments from multiple accounts or in multiple currencies;
- requests for payments to be made to third parties in cash;
- deposits made on a party's behalf by another unknown party (third party payments);
- attempts to avoid the Company's usual processing of payments;
- acting as agent for undisclosed principal without legitimate commercial explanation; or
- diligence indicates a previous criminal, civil or regulatory breach or reputational concerns.

If a Red Flag (including any of the above) is detected prior to entering into or during the course of any business relationship, the transaction in question must not proceed and the suspicious activity must be reported immediately to:

- (i) the **Group Finance Director**; and
 - (ii) the **Head of Legal, Risk and Compliance**
- for further review, investigation and approval.

For any transaction which the Group Finance Director and Head of Legal, Risk and Compliance believe is of high risk, the approval should be escalated by them to the **CEO** (where relevant).

Any "**Red Flag**" transactions approved in accordance with the above process must be appropriately documented, detailing clearly the reason for, number, timing, amount and counterparty of the transactions involved and such information must be provided in a monthly report by the relevant **Regional Finance Director** to the Group Finance Director.

Even though in some countries a level of cash transactions may be considered normal business practice, the Company's policy is that **no physical cash payments may be received from or given to third parties** (including cash deposits into the Company's bank accounts) without prior approval as described above, except in the following limited circumstance:

- operation of **petty cash systems** used for purchases of items of low value (total balance of petty cash should **not exceed £500** or local currency equivalent). No petty cash may be used for purchases of any capital assets or raw materials. All petty cash transactions must be properly recorded clearly identifying the purpose of the payment and the amount involved, and reconciled regularly.

No later than the **1st of December in each year**, each Regional Finance Director shall provide the Group Finance Director with a report which includes details of any cash transactions which are expected to take place in the following calendar year.



Version Control:

| No./Version | Revisions | Effective Date | Owner | Approver | Status |
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| 001 | Updated policy in the name of the Filtrona Group | 1 st Jan 2023 | Shahid Ali | Patrick Meredith | Approved |